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Feb 4, 2014

## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2014 <under Japanese GAAP>

Company name: **Paramount Bed Holdings Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities code: 7817  
 URL: <http://www.paramountbed-hd.co.jp>  
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Scheduled date to file Quarterly Securities Report: February 13, 2014  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2014 (from April 1, 2013 to December 31, 2013)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2013	45,931	1.0	6,062	(19.4)	6,558	(15.3)	3,983	(13.0)
December 31, 2012	45,468	240.1	7,519	308.3	7,744	344.4	4,579	450.0

Note: Comprehensive income  
 Nine months ended December 31, 2013: ¥4,955 million: [(1.1)%]  
 Nine months ended December 31, 2012: ¥5,010 million: [477.2%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2013	130.03	123.30
December 31, 2012	149.42	149.02

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2013	113,404	80,091	70.4
March 31, 2013	103,901	76,625	73.5

Reference: Equity

As of December 31, 2013: ¥79,782 million  
 As of March 31, 2013: ¥76,320 million

## 2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	20.00	–	25.00	45.00
Fiscal year ending March 31, 2014	–	25.00	–		
Fiscal year ending March 31, 2014 (Forecast)				25.00	50.00

Note: Revisions to the dividends forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2014	70,400	5.5	12,200	8.5	12,600	5.2	7,600	7.1	248.08

Note: Revisions to the earnings forecasts most recently announced: None

### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Note: For changes in subsidiaries that are not deemed as changes in specified subsidiaries, please refer to “2. Matters regarding summary information (Notes), (1) Changes in significant subsidiaries during the period” on page 3 of the attached materials.

- (2) Application of special accounting for preparing quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

- a. Changes in accounting policies in accordance with changes in accounting standards, etc.: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

(4) Number of shares issued (common stock)

a. Number of shares issued at the end of the period (including treasury stock)

As of December 31, 2013	30,821,687 shares
As of March 31, 2013	30,792,587 shares

b. Number of shares of treasury stock at the end of the period

As of December 31, 2013	158,024 shares
As of March 31, 2013	188,384 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2013	30,632,332 shares
Nine months ended December 31, 2012	30,651,221 shares

**\* Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

**\* Proper use of earnings forecasts, and other special matters**

**Caution regarding forward-looking statements and others**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to "1. Qualitative information regarding financial results for the first nine months, (3) Information regarding consolidated earnings forecasts and other forward-looking statements" on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

**Attached Materials**

**Index**

- 1. Qualitative information regarding financial results for the first nine months ..... 2
  - (1) Information regarding operating results..... 2
  - (2) Information regarding financial position ..... 2
  - (3) Information regarding consolidated earnings forecasts and other forward-looking statements ..... 3
- 2. Matters regarding summary information (Notes)..... 3
  - (1) Changes in significant subsidiaries during the period..... 3
  - (2) Application of special accounting for preparing quarterly consolidated financial statements..... 3
  - (3) Changes in accounting policies, changes in accounting estimates, and restatement ..... 3
- 3. Significant events regarding premise of going concern ..... 3
- 4. Quarterly consolidated financial statements..... 4
  - (1) Consolidated balance sheets..... 4
  - (2) Consolidated statements of income and consolidated statements of comprehensive income..... 6
    - Consolidated statements of income (cumulative) ..... 6
    - Consolidated statements of comprehensive income (cumulative) ..... 7
  - (3) Notes to quarterly consolidated financial statements..... 8
    - Notes on premise of going concern..... 8
    - Notes on substantial changes in the amount of shareholders’ equity ..... 8

## **1. Qualitative information regarding financial results for the first nine months**

### **(1) Information regarding operating results**

The Japanese economy continued to mount a gradual recovery in the nine months ended December 31, 2013. This mainly reflected improvements in corporate earnings on the back of continuing yen depreciation and stock price rises, partly due to the effects of various measures taken by the government to end deflation and revitalize the economy. Nevertheless, Japan's economic prospects remained unclear mainly because of downside risks from downswings in overseas economies, particularly in emerging countries.

Amid this environment, the Paramount Bed Group (the "Group") pushed ahead with activities to capture renewal demand in its core business of product sales targeted at medical and elderly facilities. The Group also made concerted efforts to strengthen its overseas business and expand its domestic business fields.

In the overseas business, Paramount Bed Mexico S.A. de C.V. and Paramount Bed Vietnam Co., Ltd. were established with the aim of enhancing coordination across the Group and optimizing the Group's production locations. Paramount Bed Mexico S.A. de C.V., which is a sales company serving the countries of Central and South America, started operations in January 2014. Paramount Bed Vietnam Co., Ltd., which will manufacture medical care bed-related equipment and other products, is scheduled to start operations in June 2014.

In Japan, four new offices were established to expand the rental business for welfare equipment, bringing the number of directly-managed offices to 54 nationwide.

With respect to product development, the launch of the "Rakusho Z Series" of beds, a core series of products for home caregiving, was announced. The series is equipped with a variety of functions that help users be more independent, lighten the load on caregivers, and contribute to efficiency in the operations of welfare equipment rental providers. As an example, the series has a new function that enables the whole bed to be tilted. The "Rakusho Z Series" was put on sale in January 2014.

On the sales front, results in the business of product sales targeted at facilities in Japan were down in comparison with the strong results of the same period of the previous fiscal year. This mainly reflected a decline in new construction-related orders. Even so, aside from this business, sales were generally solid both in Japan and overseas.

As a result of the above, in the nine months ended December 31, 2013, net sales were ¥45,931 million (up 1.0% year on year), operating income was ¥6,062 million (down 19.4%) and ordinary income was ¥6,558 million (down 15.3%). Net income was ¥3,983 million (down 13.0%).

Because the business of the Group consists of a single business segment, information by business segment is not provided.

### **(2) Information regarding financial position**

Total assets as of December 31, 2013, amounted to ¥113,404 million, which was an increase of ¥9,502 million compared to March 31, 2013. The primary factors in this increase were increases in cash and deposits, securities, and merchandise and finished goods, while on the other hand there was a decrease in notes and accounts receivable-trade.

Liabilities amounted to ¥33,312 million, which was an increase of ¥6,036 million compared to March 31, 2013. The primary factor in this increase was the issuance of bonds with subscription rights to shares in the second quarter ended September 30, 2013, while on the other hand there was a decrease in income taxes payable.

Net assets amounted to ¥80,091 million, which was an increase of ¥3,466 million compared to March 31, 2013. The primary factors in this increase were increases in retained earnings, valuation difference on available-for-sale securities and foreign currency translation adjustment. As a result, the equity-to-asset ratio as of December 31, 2013, decreased by 3.1 percentage points compared to March 31, 2013, to 70.4%.

**(3) Information regarding consolidated earnings forecasts and other forward-looking statements**

No revisions have been made to the consolidated earnings forecasts announced on May 13, 2013.

**2. Matters regarding summary information (Notes)**

**(1) Changes in significant subsidiaries during the period**

No items to report.

Effective from the first quarter ended June 30, 2013, Paramount Bed Asia Pacific Pte. Ltd., which was previously an unconsolidated subsidiary of the Company, has been included in the scope of consolidation in line with an increase in its significance within the Group. However, this change is not deemed a change in specified subsidiaries.

**(2) Application of special accounting for preparing quarterly consolidated financial statements**

No items to report.

**(3) Changes in accounting policies, changes in accounting estimates, and restatement**

No items to report.

**3. Significant events regarding premise of going concern**

No items to report.

## 4. Quarterly consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	16,073	20,438
Notes and accounts receivable-trade	21,616	15,321
Lease receivables and investment assets	2,287	2,288
Securities	4,640	8,561
Merchandise and finished goods	4,094	5,704
Work in process	243	291
Raw materials and supplies	1,313	1,633
Other	2,531	3,383
Allowance for doubtful accounts	(60)	(49)
Total current assets	52,739	57,571
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	26,335	26,707
Accumulated depreciation	(16,836)	(17,386)
Buildings and structures, net	9,499	9,320
Machinery, equipment and vehicles	7,056	7,354
Accumulated depreciation	(5,835)	(6,146)
Machinery, equipment and vehicles, net	1,220	1,207
Land	8,676	8,685
Lease assets	361	252
Accumulated depreciation	(240)	(165)
Lease assets, net	120	86
Assets for rent	13,978	15,540
Accumulated depreciation	(5,085)	(5,948)
Assets for rent, net	8,892	9,592
Construction in progress	191	89
Other	8,126	8,800
Accumulated depreciation	(6,806)	(7,137)
Other, net	1,320	1,662
Total property, plant and equipment	29,920	30,644
Intangible assets		
Goodwill	121	64
Other	2,299	2,157
Total intangible assets	2,420	2,221
Investments and other assets		
Investment securities	15,184	19,315
Other	3,701	3,714
Allowance for doubtful accounts	(65)	(63)
Total investments and other assets	18,821	22,966
Total noncurrent assets	51,162	55,832
Total assets	103,901	113,404

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	7,978	6,890
Short-term loans payable	215	472
Lease obligations	1,981	2,158
Income taxes payable	3,460	482
Provision for bonuses	1,125	586
Provision for directors' bonuses	104	–
Other	4,346	4,170
Total current liabilities	19,212	14,760
Noncurrent liabilities		
Bonds with subscription rights to shares	–	10,045
Long-term loans payable	457	512
Lease obligations	3,665	3,492
Provision for retirement benefits	3,278	3,661
Provision for environmental measures	46	46
Other	616	793
Total noncurrent liabilities	8,064	18,551
Total liabilities	27,276	33,312
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,135	4,160
Capital surplus	49,805	49,830
Retained earnings	21,656	24,082
Treasury stock	(477)	(405)
Total shareholders' equity	75,120	77,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	766	1,196
Foreign currency translation adjustment	434	917
Total accumulated other comprehensive income	1,200	2,114
Subscription rights to shares	29	20
Minority interests	275	288
Total net assets	76,625	80,091
Total liabilities and net assets	103,901	113,404

## (2) Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	45,468	45,931
Cost of sales	24,042	24,694
Gross profit	21,425	21,237
Selling, general and administrative expenses	13,906	15,175
Operating income	7,519	6,062
Non-operating income		
Interest income	80	134
Dividends income	67	156
Foreign exchange gains	69	150
Gain on investments in partnership	–	148
Gain on investments in silent partnership	37	218
Other	141	117
Total non-operating income	396	926
Non-operating expenses		
Interest expenses	83	67
Loss on investments in partnership	64	–
Directors' retirement benefits	–	320
Other	23	42
Total non-operating expenses	171	430
Ordinary income	7,744	6,558
Extraordinary income		
Gain on sales of investment securities	51	225
Gain on redemption of investment securities	–	54
Total extraordinary income	51	280
Extraordinary loss		
Loss on sales of investment securities	44	1
Loss on redemption of investment securities	57	0
Total extraordinary losses	102	1
Income before income taxes and minority interests	7,693	6,837
Income taxes-current	2,907	2,640
Income taxes-deferred	145	200
Total income taxes	3,053	2,841
Income before minority interests	4,640	3,996
Minority interests in income	60	13
Net income	4,579	3,983

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	4,640	3,996
Other comprehensive income		
Valuation difference on available-for-sale securities	307	430
Foreign currency translation adjustment	62	529
Total other comprehensive income	370	959
Comprehensive income	5,010	4,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,950	4,896
Comprehensive income attributable to minority interests	60	58

**(3) Notes to quarterly consolidated financial statements**

**Notes on premise of going concern**

No items to report.

**Notes on substantial changes in the amount of shareholders' equity**

No items to report.